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Author:

Slawson, Loton H.,
Company

Title:

The greatest monopoly

Place:

New York

Date:

[1916]

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The greatest monopoly; a book for all who own
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Slawson [c1916]

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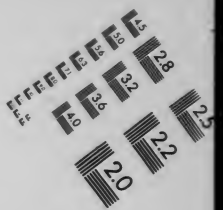
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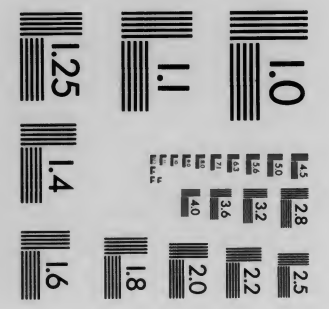
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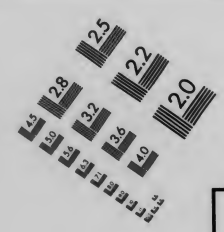


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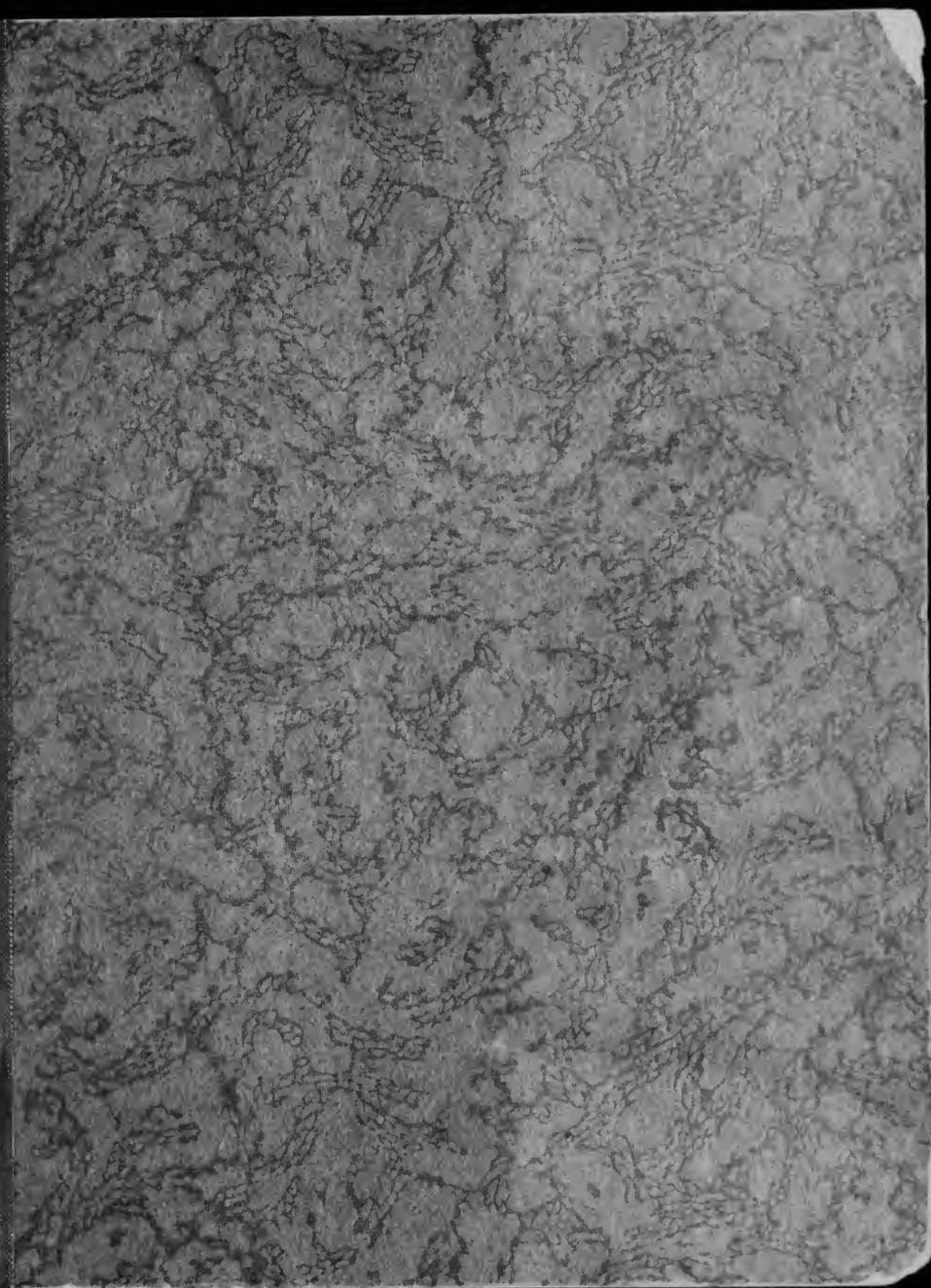
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God made the land;
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The Greatest Monopoly

A book for all who
own real estate or
who are going to



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NEW YORK

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Business

D 385
S 918

May 15/16
The GREATEST MONOPOLY

A monopoly of a human necessity, a monopoly safeguarded by laws, a monopoly that cannot be destroyed by human agency, is the best investment.

The greatest monopoly in the world, the one that has made the largest number of great fortunes, is ten miles long, entirely surrounded by water, and is safeguarded by natural laws.

Huge fortunes of hundreds of families were not made by the wonderful sagacity and business genius of their men. The millions were made by the monopoly of Manhattan Island.

Founders of these fortunes had industry, thrift, the almost universal human instinct to possess land—and patience. Especially did they have patience.

It didn't matter where they bought land so long as it was a part of the monopoly of Manhattan Island and they were not in a hurry for their profit. All they and their heirs had to do was to hold on to it.

Some, like the Rhinelanders and Goellets, branched to the right and to the left. Others, like the Wendels, clung to the center of the road, so to speak, and marched straight up Broadway.

The thinkers and the workers, who are the creators and the producers—intent upon making their individual business a success, and in so doing adding to the wealth and greatness of the city and the nation—automatically made the land valuable for the patient owners who had no business whatever except to sit and wait, and buy more land.

They didn't have to worry, these patient waiters. They had no real estate tribulations to develop the well known Joban virtue. They just waited. Their chief service was to help themselves to that justly famed commodity known as unearned increment.

The monopoly of Manhattan Island made their profit surer than taxes because

it is of record that some folk have dodged taxes.

Today this monopoly makes ownership of land on Manhattan Island as sure to yield a profit as at any time in the history of New York City. But if the investment be not wisely chosen, if investors have not at their disposal the wisdom of Solomon, they may have the tribulations of Job, and someone else may reap the sure profit from the land.



PRIMITIVE DAYS OF BARTER

As a business, real estate is the least organized, the least efficient, the most

archaic of any great, necessary commercial activity.

Its methods are those of the primitive days of barter where one man pits his skill and cunning against those of another to squeeze the last possible penny out of a transaction without any regard for the future.

This is true of real estate buying and selling everywhere. It has never grown up into a real business, despite the vastness of its operations. A considerable percentage of the selling is predicated on the fairly well established truth that a victim is born every minute, although they may use the uglier word that is no shorter.

While individuals have been bled unmercifully, the greatest real sufferer is likely to be the land.

No land has been assaulted more viciously by greed, rapacity and ignorance than the monopoly of Manhattan Island.

It has known the chicanery of agents

and brokers whose methods make those of the professional confidence man seem mild and playful. It has been defiled by the crimes of jerry builders. It has been profaned by architects whose atrocities flaunt their shame before eyes that still approve. "Shifting centers," the rapacity of landlords, all these things and many more conspiring to ruin the value of the land, have failed. All they could do was temporarily to check a natural increase in value.

There is not a square foot of Manhattan Island that is not worth more today, either actually or prospectively, than ever it was. The law of the monopoly, the law of supply and demand, works inexorably here.

Because of this intrinsic value, and because, up to a few years ago, it was almost impossible to miss making a profit on any purchase of Manhattan real estate, it attracted more than its share of incompetents, sharpers and downright crooks.

But, also, real estate has its share of upright, honorable men whose personal standards of probity are as high as those of any men, and who have prospered exceedingly because they have ability as well.



THE TENDENCY OF HUMAN BEINGS TO
FOLLOW PRECEDENT

It is the natural tendency of human beings to follow precedent—that is, to proceed along the line of least resistance. Most of the precedents in the real estate business are evil when they are not stupid and wasteful.

Because it knew the old order must pass, the Loton H. Slawson Company came into existence five years ago. It knew the real estate business must be modernized and organized upon efficient lines.

It knew that to win the greatest success it must give the greater service. The more money it makes for its clients in the buying, selling and managing of real estate, the larger will be its profits, the greater its prestige, the securer its future. To paraphrase the words of the late Mr. Henry P., not O., if this be reform, make the most of it.

You remember that, when Cecil Rhodes was working out his plan of an empire in South Africa, and they called him a pure visionary, he silenced his critics with a single sentence:

“I unite imagination and six per cent.”

It doesn't take much imagination to realize the results that must come from making real estate conform to the standards which other business activities now maintain, because they found that nothing pays so well as honesty and intelligent energy. But it takes something more than imagination to bring about a revolution in

methods, even to the extent of establishing a single firm on the right foundation.

There must be a fighting spirit and an organization. Personal character, fitness to qualify as an expert, unfaltering energy, capacity really to think, faith in themselves yet conscious of their interdependence, and faith in the fundamental idea upon which the company is formed—all these things were considered in perfecting the organization.

This idea is to make the buying, selling and managing of real estate a profession as well as a business, to command for the company the respect that is the tribute to honesty, ethics and high efficiency.

A fine sense of personal honor and of business probity are not incompatible with laziness. Enthusiasm doesn't always stand for accomplishment. A powerful, fighting organization is needed, especially to fight traditions like those which rule real estate dealing.

There is nothing in this world so hard to overthrow as a tradition. The older, more worn out, more useless it is, the more difficult it is to destroy it if it still continues to work.

If you don't believe it, think how most of us are arrayed against the introduction of the metric system. We know how much better it is, but just the same most of us will fight with our last breath to retain our fool system of weights and measures, one of the most absurd and ineffective things ever invented.

Fighting a tradition is like fighting an Achilles with armor plate on his heel.

One of the established traditions in real estate is that anywhere from six to sixteen brokers shall compete with each other in trying to sell a piece of property.

In the old days, when buying and selling real estate was largely a matter of personal acquaintance, this multiple representation served well enough. Also grape

shot was once highly useful in warfare. Now one is about as effective as the other. But only the grape shot has been abandoned.



FROM SIX TO SIXTEEN BROKERS

Most owners who want to sell property notify a list of agents and brokers, or refer a possible purchaser to his "own broker," on the old theory that he needed all the selling help he could get. This was more or less of a fact before there came into existence a single organization which can do more for the seller than all the brokers taken together.

It is just as sensible to ask a dozen brokers to sell your property in competition with each other as it would be to command these brokers to bid against each other in buying a piece of property for you.

There is a difference between having property that is for sale and wanting to sell property. The man who wants to sell is usually in a hurry to sell and the broker knows it.

The broker has only one thought—to get his commission. He feels, not unnaturally, that he owes the owner no more consideration than the owner has shown him. To get the commission he has to make the sale, and the easiest, surest way of making a sale is to bear down the price so that he can offer a bargain.

He does just that, taking full advantage of the owner's eagerness to sell. His skill in beating down the price is sometimes almost an exact science. He has at

his command amazing tricks, invented overnight, to say nothing of figures, arguments and eloquence calculated to make the owner feel the possession of his property is a liability and that he ought to be glad to get rid of it at any price.

It isn't any wonder that a shrewd broker can confuse an owner. Even a poor conjurer can fool his spectators, because he is a specialist in fooling them.

When it comes to the bargaining that is a complement of nearly every real estate deal, the average owner has about as much chance as the average chauffeur would have in matching his wits against a professional horse trader in buying or selling a horse. It is the specialist again.

There is just one intelligent, economic way to sell property. That is to retain a single organization the seller can trust implicitly, one that has the courage to tell him just what he reasonably can expect to get for his property.

The Loton H. Slawson Company has that kind of courage.

Moreover, the seller should choose the organization that has the machinery to reach every possible buyer of his property, that can concentrate this machinery upon the sale and carry it through to the best advantage of the seller in time and money.

The Loton H. Slawson Company has that kind of machinery.



GOOD JUDGMENT, A FEW FIGURES AND A LAWYER

There is a tradition that when one buys real estate on Manhattan Island all he needs is good judgment, a few figures and a lawyer. This holds if the good judgment manifests itself in his retaining an adviser whose good faith and capacity he can trust absolutely, for the buyer of real estate needs such a broker more than he needs a lawyer, and even more than a seller needs a single representative.

Sometimes a man with surplus funds turns to Manhattan real estate as the surest, safest, most profitable investment in the world, and he is right in his general conclusion. But this doesn't mean he is qualified wisely to select particular parcels of property.

More often a man buys real estate because a good salesman convinces him he is getting a bargain. All the salesman wants is his commission. He doesn't care what happens to the man or the property.

It is true that the buyer of Manhattan

real estate is safeguarded as he is nowhere else in the world. The monopoly of the Island insures the value of the land. If the buildings are modern, the laws protect him so far as basic construction and fire risks are concerned.

But these safeguards cannot insure a good, immediate return on his investment and its continuance.

By far the larger number of big buildings erected in Manhattan are built on speculation; that is, they are built to sell. An operator selects a plot of ground—usually wisely chosen—and buys it as cheaply as he can, for an operator has capital. A builder does the same thing with money he borrows. Upon this land an apartment house or business building is constructed. The property is heavily mortgaged for two reasons, the other one being that it makes it easier to sell.

Also the builder will fill the building with tenants on as good leases as possible

because that also makes it easier to sell. The builder's profit comes from the price he can get for the property above the cost of the land and the building.

Because of the heavy mortgage, an investor can buy a paying property for relatively a small cash outlay. The builder can be relied upon to make it look like a gilt-edged investment.

It takes highly specialized expert knowledge to make certain that a property is a good investment, something more than the assessed valuation, the builder's figures, the appearance of the building and the leases.

The figures of the builder, as well as assertions about the environment, the character of the tenants and leases that seem most convincing, are not always to be accepted without question. For illustration, the simple scheme of having tenants willing to sign leases for high rents has proved most effective in luring the

innocent buyer. There are people eager to sign these leases, provided they do not have to continue paying high rent.

When one of the clients of the Loton H. Slawson Company is interested in a particular property, the organization sets about the difficult and exacting work of making an investigation of that property, an investigation that includes what sociologists call a survey and which is bound to reveal the innermost secrets of that property, if there are any.

All the company asks is the street and number. It will furnish the remaining information.

The location is a matter of general real estate knowledge. But there may be neighborhood factors the builder doesn't know about, or which he may forget to mention. Often there are signs of changes which may not become obvious for half a dozen years but which will seriously affect the property for good or ill.

The actual cost of the building is determined by the company's experts. It has a system, a development of many years of actual experience in building, which enables the organization to do this with exactness. Heating, lighting, elevators, laundry facilities, decorations—everything to the last detail is considered. Not only is the cost fixed, but the quality as well, for quality has an intimate relation to upkeep.

The renting attractions rather than the selling attractions are carefully measured, and adaptability to the daily use of the tenants. The value of every square foot of rental space on each floor, the yearly income from each apartment or office, the loss on leases—all these things are set down.

A careful study is made of the character and habits of the tenants, and whether these tenants are likely to add to or subtract from the renting value of the property.

To the fixed charges are added the oper-

ating expenses, repairs for tenants and general repairs. Nothing is omitted. In addition to having before him all the facts the buyer will ever learn about the property, he has many important ones he never could discover by himself. He is told frankly whether or not the organization making the highly confidential report considers the property a good purchase. If it is not, he will be advised not to buy. If it is, he will be told whether it is a good speculation or a rock-bottom investment, and why.

If the property has been mismanaged and has possibilities, he is told how it can be brought back to the standard that will yield the largest return and insure the greatest security.

Back of this report and its findings is the Loton H. Slawson Company. It will take over the management of the property and perform what it says can be accomplished.

This is a part of the special service of this organization, a service that is peculiar to the Loton H. Slawson Company.



A FINE FIELD FOR A MAN WHO HAS FAILED

There is a tradition that real estate, like insurance, offers a fine field for a man who has failed in everything else. If he has money enough to rent desk room and buy a few signs, has energy, friends and a certain amount of selling ability, he is supposed to be in a fair way to succeed.

Even if a man does make a living buying and selling real estate for others, it doesn't qualify him as a competent broker nor as a real estate adviser able to handle large transactions successfully.

In fact, the ramifications of Manhattan real estate are so many that only a large organization of highly trained specialists is equal to them.

This organization must have executives with a broad and profound grasp of the business of the nation, to foresee those changes which make for prosperity and depression far in advance, for nothing is so sensitive to business generally as real estate.

They must know in detail the business of New York, not only where the various industries center, but why, and if they are likely to change. They must know the people of New York, at work, in their homes, at play, for these things directly affect the value of property.

They must be able to understand the meaning of thousands of facts that are brought to them, to put them together, to interpret what they mean now and what they will mean ten years from now. They must know why an apartment house that should succeed fails and how to make it yield a profit. They must know a retail store will have failure at one place and success a block away. They must know



SHIFTING CENTERS

why a certain side of the street means profit while the other side means loss, and they must understand the mystery of the "shifting centers." The Loton

H. Slawson Company is ready to place at your command an organization that does these things.

The shifting of centers which have caused so much disturbance are attributed not infrequently, to "the natural trend of the forces of economic development," which sounds well but has the disadvantage of not explaining anything.

If an industry has not room to expand in a quarter in which it is centered, or if transportation developments divert hundreds of thousands of people—for the value of real estate is determined by the number of people and the character of the people that pass it every day—these might be called the natural trend of economic forces.

The simple truth is that the shifting of more than one of these centers is the result of a condition familiar enough but not associated with Manhattan—absentee landlordism.

When one shrewd operator takes advantage of the stupidity and greed of owners of property and succeeds in transplanting a great industry from one section of the city to another, it takes a lively imagination to attribute the change to "the natural trend of the forces of economic development."

There was a time when that part of Broadway north of the City Hall was regarded as stable as the financial district below. It was the center of the wholesale dry goods industry and of great manufacturing allied with it.

Because of this there was great demand for the buildings, although most of them were old fashioned, and rents were high.

Owners of these buildings had one idea with regard to them and that was to squeeze the last penny out of them, which means their tenants.

They refused to give these tenants the light, ventilation, elevators, fire prevent-

ive devices—all those things that modern business now demands, not as luxuries, but as necessities. About the only thing these owners were willing to give their tenants was a receipt for increased rent.

The ignorance and greed of the owners killed the goose that laid the golden egg with a vengeance. A shrewd, big operator, grasping the situation, bought land far less valuable than that on Broadway, constructed big, modern buildings designed especially to meet the needs of the industries, with fine light, good ventilation, fast elevators, fire preventives—all the things his prospective tenants wanted and ever so many more they never even dreamed of, with the result that a great center of commercial and manufacturing activity moved uptown.

It is the function of an entirely competent real estate organization to see these things, and before they happen. An entirely competent real estate organiza-

tion must understand causes. It must have the capacity to foresee immediate results and the things that grow out of them, which is much more complicated.

When there is indicated a natural and logical change in business centers—these are chiefly due to transportation development—the inevitable resulting shift of population should be anticipated a dozen years in advance. This is not an especially difficult problem, but it takes more than ordinary knowledge, judgment and imagination to determine what other activity this property will best serve after the change takes place, and what will be the line of development. A thoroughly competent real estate organization must be able to do that.

Furthermore it must be able to doctor real estate that suffers from that greed and ignorance of owners which is responsible for nine-tenths of the ills that afflict the good, honest land of Manhat-

tan Island, to bring the property back to the healthful state of producing efficiency.

This can be done by an entirely competent real estate organization.

For the monopoly of Manhattan Island makes the intrinsic value of the land a fixed quantity. Real estate is a man-made commodity. What the greed and ignorance of men has destroyed, the faith, intelligence, knowledge and energy of men can build up again.

This is a part of the service the Loton H. Slawson Company gives its clients.

Its activities can be defined in a single sentence: It is an organization that gives a wholly efficient *constructive* service.



HOLDING ON TO UNIMPROVED PROPERTY

There is a tradition that the big profits in Manhattan Island real estate come from holding on to unimproved property.

The great landlord families and corporations whose income is so large that it is a constant problem to keep it invested can prove this.

But in these days the spirit of business is to make money work, to produce an income—not to let it lie idle.

The Loton H. Slawson Company has made itself a clearing house through

which an investment in unproductive land is converted into a dividend-yielding property, while the unoccupied land is improved and itself becomes productive.

The transaction can be set down in a few words, although the operation is sufficiently complex. The owner of unimproved land exchanges it for a modern building, fully rented, that is a sound investment, giving a certain income of more than six per cent net. The exchange is usually made with a builder who proceeds to erect a structure on the unoccupied land, thus making it not only useful, but profitable.



THE TENANT WHO WANTS TO MOVE

There is a tradition that when a tenant wishes to change his quarters the business of finding that which will best meet his demands devolves upon him.

When it comes to commercial leases the changing of quarters is a waste of time, money and temper. The tenant who wants to move walks through the streets, notes the "For Rent" signs and goes into endless buildings. He may interview fifty brokers and each of the

fifty may submit lists of space. About all the broker does is to close the lease, and as a rule he isn't much concerned whether or not the tenant gets what he wants.

The tenant isn't supposed to have expert knowledge. He seldom takes the trouble to make sure who his neighbors are and what the service of the building may be.

When a client comes to the Loton H. Slawson Company seeking new quarters, a trained expert is sent to the present business home of the client. This expert makes a careful study of the needs of the client, the amount of space necessary, the arrangement of lighting, the elevator service—all those things that are asked for and others which the expert knows are essential even when the principal does not.

The Commercial Leasing Department finds exactly the right space in the right buildings—giving the principal a choice of perhaps two or three because that is all

the choice he needs. The client will have the right kind of neighbors; he will be in a building that will furnish just the sort of service he ought to have, and he will be a thoroughly satisfied client.

Conversely the wisdom of exclusive representation works with equal exactness from the standpoint of the landlord of a building.

Frequently a tenant is asked to consult an officer of the corporation owning the building or "Your own broker," which is an illustration of anybody's business being nobody's business.

The more proficient the officer in his own business, the less likely is he to know about real estate. Brokers, interested only in making a commission, compete with each other along the line of least resistance, which is beating down the rental price to make a bargain.

In renting and in selling the only sane, sensible way is to retain one agent for the

exclusive handling of the property. This agent can then afford to make a special study of that property, to determine its every possibility, and to concentrate upon selling the space to the best tenants for what it really is worth.

It pays best to place the whole management of a building in competent hands, for this management is almost a science in itself. You can't hire the brains, knowledge and experience necessary to manage a big building properly unless you pay a big salary, a salary far in excess of the charges made by an organization fully equipped that can manage the property far more profitably than can any one man.



THEY HAVE PAID FOR THEIR OWN MISTAKES

The Loton H. Slawson Company places all the resources of its organization at your disposal. Its executives have been operators in unimproved property. They made money and they made mistakes and they paid for their mistakes with their own money.

They have been builders of big structures, some of the best in New York, and they profited, again paying for the mistakes they made with their own money. As principals they have run the whole

gamut of real estate activity in Manhattan real estate, and this experience has given them a profound knowledge, supplemented by constant study, which enables them to meet any situation with confidence, and with the certainty they will not have to depart from the standards they have adopted, standards worth more to them, as a business asset, and in personal satisfaction, than in any commission they could possibly receive.

The foundation of its organization is to serve, to serve courageously, to serve honestly, to serve earnestly, to serve with ever increasing efficiency.

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